WRITTEN ANSWERS TO UNSTARRED QUESTIONS

Tax Exemption on Leasing of Aircrafts

99. SHRI K. RAMA MOHANA RAO:
SHRI RAMA MUNI REDDY SIRIGIREDDY:

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Government have made any assesment of the impact of the tax exemption on the companies leasing new aircrafts;

(b) the loss that has to be borne by IA and AI on leasing out its aircrafts to others; and

(c) the total implication of this move in the next five years on IA and AI?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): (a) As per the Union Budget 2005-06 the exemption of tax on aircraft lease rental presently available under Sectiion 10(15A) of the Income Tax Act has been withdrawn for lease agreements to be entered into on or from 1st October 2005 with foreign lessors. The withdrawal of exemption would increase the cost of aircraft leasing significantly by 41.82% over and obove the normal ease rentals payable by the lessee airlines under fresh lease agreements to be entered into on or after 1st October 2005 as per the present corporate tax structure applicable to foreign companies.

(b) and (c) There are no plans of Air India and Indian Airlines to lease aircrafts to others.

Development of Civil Aviation in Jammu and Kashmir and Orissa

100. SHRI B.J. PANDA: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether it is a fact that Rs. 14.05 crore is proposed to be spent in the civil aviation sector in Jammu and Kashmir region to promote tourism etc;

(b) if so, the details thereof;